

HOUSE BILL 2930
By Boyer

AN ACT to amend Tennessee Code Annotated, Title 45, Chapter 15, Part 1, relative to pledge loans.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-15-111, is amended by adding the following language as a new, appropriately designated subsection:

() In accordance with the uniform administrative procedures act, Tennessee Code Annotated, Title 4, Chapter 5, the department of financial institutions shall promulgate rules requiring each title pledge lender to issue a standardized consumer notification and disclosure form prior to entering into any property pledge agreement or title pledge agreement wherein the pledged goods will consist of, or include, one (1) or more motor vehicles titled by this or any other state. The required style, content and method of executing the form shall be specifically prescribed by the rules and shall be designed to ensure that the pledgor, prior to entering into such agreement, receives and acknowledges an accurate and complete notification and disclosure of the itemized and total amounts of all interest, fees, charges and other costs that will or potentially could be imposed as a result of such agreement.

SECTION 2. Tennessee Code Annotated, Section 45-15-115, is amended by adding the following language as a new, appropriately designated item:

() Knowingly violate the provisions of Section 1 of this act or any rule promulgated pursuant thereto by the department of financial institutions.

SECTION 3. Tennessee Code Annotated, Section 45-15-117, is amended by designating the current language as subsection “(a)” and by adding the following new language, to be designated as subsection “(b)”:

(b)

(1) Apart from or in addition to any sanctions which may be imposed pursuant to subsection (a), upon an administrative finding by the department of financial institutions that a title pledge lender has knowingly violated the provisions of Section 1 of this act, the license of such title pledge lender shall be suspended by the county clerk for a period, specified by the department, not to exceed forty-five (45) days. Upon a finding by the department of financial institutions that a title pledge lender has repeatedly and persistently engaged in a pattern of knowingly violating the provisions of Section 1 of this act, the license of such title pledge lender shall be suspended by the county clerk for a period, specified by the department, of not less than ninety (90) days or alternatively shall be revoked by the county clerk as directed by the department. All findings and actions by the department of financial institutions acting pursuant to this subsection shall be undertaken in accordance with the uniform administrative procedures act, Tennessee Code Annotated, Title 4, Chapter 5.

(2) During the period of any such suspension or following any such revocation, such title pledge lender shall not engage, in any county within this state, in the business of making title pledge agreements and/or property pledge agreements with pledgors.

SECTION 4. This act shall take effect July 1, 1996, the public welfare requiring it.

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